

Message Text

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DRAFTED BY EUR/SOV:RECOMBS/EB/IFD/ODF:EMLINTON

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TO AMEMBASSY MOSCOW IMMEDIATE

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E.O. 11652: N/A

TAGS: EGEN, EFIN, UR, US

SUBJECT: PROVISIONS OF EXIMBANK AND TRADE BILLS

REF: MOSCOW 19105

1. FULL TEXT OF TITLE IV OF TRADE OILL SEND VIA USIA'S PRS CHANNEL DECEMBER 31. TEXT ALSO POUCHED TO EMBASSY DECEMBER 30. TEXT OF PROVISIONS OF EXIMBANK LEGISLATION DIRECTLY AFFECTING USSR ARE GIVEN BELOW. FULL TEXT OF AMENDMENTS TO EXIMBANK CHARTER POUCHED TO EMBASSY DECEMBER 31.

2. REGARDING QUESTION RAISED IN PARAGRAPH TWO OF REFTTEL, EXIMBANK DOES NOT REPEAT NOT INTEND TO APPORTION FUNDS FOR USSR ON ANNUAL BASIS. EXIMBANK WILL CONTINUE TO APPROVE CREDITS AND WILL RETURN TO CONGRESS FOR ADDITIONAL FUNDS WHEN AUTHORIZATIONS APPROACH 300 MILLION DOLLAR CEILING. FYI. CONGRESSIONAL LEADERS RECOGNIZE THAT NEITHER THE 300 MILLION DOLLAR CEILING NOR OVERALL COMMITMENT OF 25 BILLION DOLLARS WILL BE SUFFICIENT FOR FOUR YEARS AND EXPECT EXIMBANK TO RETURN FOR ADDITIONAL AUTHORITY WHEN NEEDED. END FYI.

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3. AMENDMENTS TO EXIMBANK CHARTER WHICH DIRECTLY CONCERN USSR INCLUDE FOLLOWING: NATIONAL INTEREST DETERMINATIONS SEC. 4 SECTION 2(B)(2) OF THE EXPORT-IMPORT BANK ACT OF 1945 IS AMENDED TO READ AS FOLLOWS: "(2) THE BANK IN THE EXERCISE OF ITS FUNCTIONS SHALL NOT GUARANTEE, INSURE, OR EXTEND CREDIT, OR PARTICIPATE IN ANY EXTENSION OF CREDIT-"(A) IN

CONNECTION WITH THE PURCHASE OR LEASE OF ANY PRODUCT BY A COMMUNIST COUNTRY (AS DEFINED IN SECTION 620(F) OF THE FOREIGN ASSISTANCE ACT OF 1961), OR AGENCY, OR NATIONAL THEREOF, OR "(B) IN CONNECTION WITH THE PURCHASE OR LEASE OF ANY PRODUCT BY ANY OTHER FOREIGN COUNTRY, OR AGENCY OR NATIONAL THEREOF, IF THE PRODUCT TO BE PURCHASED OR LEASED BY SUCH OTHER COUNTRY, AGENCY, OR NATIONAL IS, TO THE KNOWLEDGE OF THE BANK, PRINCIPALLY FOR USE IN, OR SALE OR LEASE TO, A COMMUNIST COUNTRY (AS SO DEFINED), UNLESS THE PRESIDENT DETERMINES THAT GUARANTEES, INSURANCE, OR EXTENSIONS OF CREDIT IN CONNECTION THEREWITH TO SUCH COMMUNIST OR SUCH OTHER COUNTRY OR AGENCY OR NATIONAL THEREOF WOULD BE IN THE NATIONAL INTEREST. THE PRESIDENT SHALL MAKE A SEPARATE DETERMINATION WITH RESPECT TO EACH TRANSACTION IN WHICH THE BANK WOULD EXTEND A LOAN TO SUCH COMMUNIST OR SUCH OTHER COUNTRY, OR AGENCY, OR NATIONAL THEREOF AN AMOUNT OF \$50,000,000 OR MORE. ANY DETERMINATION REQUIRED UNDER THE FIRST SENTENCE OF THIS PARAGRAPH SHALL BE REPORTED TO THE CONGRESS NOT LATER THAN THE EARLIER OF THIRTY DAYS FOLLOWING THE DATE OF SUCH DETERMINATION, OR THE DATE ON WHICH THE BANK TAKES FINAL ACTION ON A TRANSACTION WHICH IS THE FIRST TRANSACTION INVOLVING SUCH COUNTRY OR AGENCY OR NATIONAL AFTER THE DATE OF ENACTMENT OF THE EXPORT-IMPORT BANK AMENDMENTS OF 1974, UNLESS A DETERMINATION WITH RESPECT TO SUCH COUNTRY OR AGENCY OR NATIONAL HAS BEEN MADE AND REPORTED PRIOR TO SUCH DATE OF ENACTMENT. ANY DETERMINATION REQUIRED TO BE MADE UNDER THE SECOND SENTENCE OF THIS PARAGRAPH SHALL BE REPORTED TO THE CONGRESS NOT LATER THAN THE EARLIER OF THIRTY DAYS FOLLOWING THE DATE OF SUCH DETERMINATION OR THE DATE ON WHICH THE BANK TAKES FINAL ACTION ON THE TRANSACTION INVOLVED."

CONGRESSIONAL NOTIFICATION SEC. 5. SECTION 2(B) OF THE EXPORT-IMPORT BANK ACT OF 1945 IS AMENDED-(1) BY REDESIGNATING

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ING PARAGRAPHS (3),(4), AND (5) AS PARAGRAPHS (4),(5), AND (6) RESPECTIVELY; AND (2) BY INSERTING AFTER PARAGRAPH (2) THE FOLLOWING NEW PARAGRAPH: "(3) NO LOAN OR FINANCIAL GUARANTEE OR COMBINATION THEREOF IN AN AMOUNT WHICH EQUALS OR EXCEEDS \$60,000,000 SHALL BE FINALLY APPROVED BY THE BOARD OF DIRECTORS OF THE BANK, AND NO LOAN OR FINANCIAL GUARANTEE OR COMBINATION THEREOF WHICH EQUALS OR EXCEEDS \$25,000,000 FOR THE EXPORT OF GOODS OR SERVICES INVOLVING

RESEARCH, EXPLORATION, OR PRODUCTION OF FOSSIL FUEL ENERGY RESOURCES IN THE UNION OF SOVIET SOCIALIST REPUBLICS SHALL BE FINALLY APPROVED BY THE BOARD OF DIRECTORS OF THE BANK, UNLESS IN EACH CASE THE BANK HAS SUBMITTED TO THE CONGRESS WITH RESPECT TO SUCH LOAN, FINANCIAL GUARANTEE, OR COMBINATION THEREOF, A DETAILED STATEMENT DESCRIBING AND EXPLAINING

THE TRANSACTION, AT LEAST 25 DAYS OF CONTINUOUS SESSION OF THE CONGRESS PRIOR TO THE DATE OF FINAL APPROVAL. FOR THE PURPOSE OF THE PRECEDING SENTENCE, CONTINUITY OF A SESSION OF THE CONGRESS SHALL BE CONSIDERED AS BROKEN ONLY BY AN ADJOURNMENT OF THE CONGRESS SINE DIE, AND THE DAYS ON WHICH EITHER HOUSE IS NOT IN SESSION BECAUSE OF AN ADJOURNMENT OF MORE THAN 3 DAYS TO A DAY CERTAIN SHALL BE EXCLUDED IN THE COMPUTATION OF THE 25 DAY PERIOD REFERRED TO IN SUCH SENTENCE. SUCH STATEMENT SHALL CONTAIN-"(A) A BRIEF DESCRIPTION OF THE PURPOSES OF THE TRANSACTION, THE IDENTITY OF THE PARTY OR PARTIES REQUESTING THE LOAN OR FINANCIAL GUARANTEE, THE NATURE OF THE GOODS OR SERVICES TO BE EXPORTED, AND THE USE FOR WHICH THE GOODS OR SERVICES ARE TO BE EXPORTED; AND "(B) A FULL EXPLANATION OF THE REASONS FOR BANK FINANCING OF THE TRANSACTION, THE AMOUNT OF THE LOAN TO BE PROVIDED BY THE BANK, THE APPROXIMATE RATE AND REPAYMENT TERMS AT WHICH SUCH LOAN WILL BE MADE AVAILABLE AND THE APPROXIMATE AMOUNT OF THE FINANCIAL GUARANTEE."

AUTHORITY SEC. 8. SECTION 7 OF THE EXPORT-IMPORT BANK ACT OF 1945 IS AMENDED-(1) BY INSERTING "(A)" AFTER "SEC. 7"; (2) BY STRIKING OUT "\$20,000,000,000" AND INSERTING IN LIEU THEREOF "\$25,000,000,000"; AND (3) BY ADDING AT THE END THEREOF THE FOLLOWING: "(B) AFTER THE DATE OF ENACTMENT OF THE EXPORT-IMPORT BANK AMENDMENTS OF 1974, THE BANK SHALL NOT APPROVE ANY LOANS OR FINANCIAL GUARANTEES, OR COMBINATION

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THEREOF, IN CONNECTION WITH EXPORTS TO THE UNION OF SOVIET SOCIALIST REPUBLICS IN AN AGGREGATE AMOUNT IN EXCESS OF \$300,000,000. NO SUCH LOAN OR FINANCIAL GUARANTEE, OR COMBINATION THEREOF, SHALL BE FOR THE PURCHASE, LEASE, OR PROCUREMENT OF ANY PRODUCT OR SERVICE FOR PRODUCTION (INCLUDING PROCESSING AND DISTRIBUTION) OF FOSSIL FUEL ENERGY RESOURCES. NOT MORE THAN \$40,000,000 OF SUCH AGGREGATE AMOUNT SHALL BE FOR THE PURCHASE, LEASE, OR PROCUREMENT OF ANY PRODUCT OR SERVICE WHICH INVOLVES RESEARCH OR EXPLORATION OF FOSSIL FUEL ENERGY RESOURCES. THE PRESIDENT MAY ESTABLISH A LIMITATION IN EXCESS OF \$300,000,000 IF HE DETERMINES THAT SUCH HIGHER LIMITATION IS IN THE NATIONAL INTEREST AND IF HE REPORTS SUCH DETERMINATION TO THE CONGRESS TOGETHER WITH THE REASONS THEREFOR, INCLUDING THE AMOUNT OF SUCH PROPOSED INCREASE WHICH WOULD BE AVAILABLE FOR THE EXPORT OF

PRODUCTS AND SERVICES FOR RESEARCH, EXPLORATION, AND PRODUCTION (INCLUDING PROCESSING AND DISTRIBUTION) OF FOSSIL FUEL ENERGY RESOURCES IN THE UNION OF SOVIET SOCIALIST REPUBLICS, AND IF, AFTER THE RECEIPT OF SUCH REPORT TOGETHER WITH THE REASONS, THE CONGRESS ADOPTS A CONCURRENT RESOLUTION APPROVING SUCH DETERMINATION."

RELATIONSHIP TO THE TRADE REFORM ACT SEC. 12. UNTIL SUCH TIME AS THE TRADE REFORM ACT IS APPROVED BY THE CONGRESS AND SIGNED INTO LAW BY THE PRESIDENT, NO LOAN, GUARANTEE, INSURANCE, OR CREDIT SHALL BE EXTENDED BY THE EXPORT-IMPORT BANK OF THE UNITED STATES TO THE UNION OF SOVIET SOCIALIST REPUBLICS. BROWN

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